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Message Text

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ORIGIN EB-07

INFO OCT-01 AF-10 EUR-12 ISO-00 TRSE-00 XMB-02 L-03
AID-05 CIAE-00 COME-00 FRB-03 INR-07 NSAE-00
OPIC-03 SP-02 LAB-04 EPG-02 SIL-01 OMB-01 USIE-00
INRE-00 /063 R

DRAFTED BY EB/IFD/OMA:BGCROWE:DLS
APPROVED BY EB:PHBOEKER
TREASURY:MFOWLER (SUBS)
EXIMBANK:JLENTZ (SUBS)
AF/C:TBUCHANAN (SUB)
----------090020Z 123458 /64
O 082327Z JUN 77
FM SECSTATE WASHDC
TO AMEMBASSY BRUSSELS IMMEDIATE
AMEMBASSY KINSHASA

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BRUSSELS PASS TO JOHN RENNER OPENING OF BUSINESS

E.O. 11652: N/A

TAGS:

SUBJECT: IMPLEMENTATION OF THE LONDON AGREEMENT

REF: (A) STATE 129171; (B) KINSHASA 4351

1. REFTEL (A) DESCRIBES OUR UNDERSTANDING OF CITIBANK'S PLAN FOR IMPLEMENTING THE "LONDON AGREEMENT". IN REFTEL (B) CENTRAL BANK GOVERNOR SAMBWA INDICATED STRONG OPPOSITION TO THE TYPE OF ARRANGEMENT ADVOCATED BY CITIBANK, I.E., 180 DAY REVOLVING LETTERS OF CREDIT AS OPPOSED TO A REGULAR 5 YEAR LOAN. IRVING FRIEDMAN, SENIOR VICE
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PRESIDENT OF CITIBANK, AND SAMBWA WERE SCHEDULED TO MEET IN BRUSSELS JUNE 8. WE DO NOT KNOW IF THE MEETINGS WILL CARRY OVER UNTIL JUNE 9, OR THE LENGTH OF SAMBWA'S INTENDED STAY IN BRUSSELS.

2. REQUEST YOU ATTEMPT TO CONTACT SAMBWA VIA ZAIRIAN EMBASSY BRUSSELS TO ADVISE HIM THAT USG SUPPORTS HIS VIEW

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THAT 180 DAY REVOLVING LETTERS OF CREDIT IDEA IS NOT CONSISTENT WITH THE IDEA OF A MEDIUM TERM LOAN COMMITMENT AS CONTAINED IN THE LONDON AGREEMENT. YOU SHOULD ALSO ADVISE SAMBWA THAT THE USG DOES NOT REGARD THE 180 DAY REVOLVING LETTERS OF CREDIT PROPOSAL AS CONSTITUTING "COMPARABLE TREATMENT" TO THE TERMS OF THE PARIS CLUB ACCORD.

3. BACKGROUND: THE 1976 PARIS CLUB AGREEMENT INCLUDED A GOZ COMMITMENT: "TO SEEK TO SECURE WITH PRIVATE CREDITORS, AND PARTICULARLY BANKS OF THE COUNTRIES CONCERNED, RESCHEDULING ARRANGEMENTS ON LINES COMPARABLE TO THOSE LAID DOWN IN THIS MINUTE WHICH, IN THE CASE OF EACH CATEGORY OF CREDITORS, WOULD NOT PRODUCE ANY DISCRIMINATION BETWEEN THEM." SUBSEQUENTLY, AN INTERNATIONAL CONSORTIUM OF BANKS HEADED BY CITIBANK WORKED OUT THE "LONDON AGREEMENT". IT CARRIED NO OBLIGATION TO RESCHEDULE. RATHER, BANKS PLEDGED THEMSELVES TO A "BEST EFFORT" COMMITMENT TO PROVIDE NEW FINANCING OF $250 MILLION IN MEDIUM TERM CREDIT PROVIDED THAT CERTAIN UNDERTAKINGS WERE CARRIED OUT BY THE GOZ. IT WAS OUR UNDERSTANDING, AND APPARENTLY THAT OF THE IMF, THAT IMPLEMENTATION OF THE LONDON AGREEMENT WOULD BE BASED ON A REGULAR TERM-LOAN OF APPROXIMATELY 5 YEARS.

4. FOR KINSHASA: SINCE IT MAY NOT BE POSSIBLE TO CONTACT SAMBWA IN BRUSSELS, REQUEST YOU INCORPORATE THE ABOVE IN THE DEBRIEFING OF SAMBWA REQUESTED IN REFTEL A. VANCE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Sent Date: 08-Jun-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE132821
Document Source: CORE
Document Unique ID: 00
Drafter: BGCROWE:DLS
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770205-0053
Format: TEL
From: STATE
Handling Restrictions: n/a
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Legacy Key: link1977/newtext/t19770676/aaaacowb.tel
Line Count: 88
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Litigation History:
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Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
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Reference: 77 STATE 129171, 77 KINSHASA 4351
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 29-Nov-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
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Review Release Date: n/a
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SAS ID: 2222543
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Subject: IMPLEMENTATION OF THE LONDON AGREEMENT
TAGS: EFIN
To: BRUSSELS KINSHASA
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